

Message Text

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ACTION OPIC-06

INFO OCT-01 ARA-10 ISO-00 EB-07 COME-00 /024 W

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R 021530Z FEB 76

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC 9846

INFO AMCONSUL BELIZE

AMEMBASSY MANAGUA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

UNCLAS GUATEMALA 0639

E.O. 11652: NA

TAGS: EINV, GT

SUBJ: CENTRAL AMERICAN INVESTMENT INSURANCE PROGRAM

A. STATE 018131

B. MANAGUA 452

1. EMBASSY SUPPORTS IDEA OF CENTRAL AMERICAN INVESTMENT INSURANCE PROGRAM THROUGH CABEI AND OPIC TECHNICAL ASSISTANCE IN ESTABLISHING IT. SUCH A PROGRAM MIGHT ENCOURAGE INVESTMENT IN GUATEMALA BY OTHER CENTRAL AMERICAN ENTITIES, FACILITIES OUTSIDE FINANCING OF SUCH INVESTMENT, AND BALANCE THE OPIC FACILITY OFFERED US INVESTORS HERE. POSSIBLY THE PROGRAM COULD LEAD TO TRIPARTITE INVESTMENT INVOLVING A US PARTY, A GUATEMALAN AND ANOTHER CENTRAL AMERICAN PROGRAM MIGHT ALSO BE USEFUL IN PROMOTING GUATEMALAN INVESTMENT ELSEWHERE IN CACM.

2. GUATEMALAN PARTICIPANT IN JOINT INVESTMENT HERE, HOWEVER, STILL WOULD BE UNCOVERED. AS OPIC AWARE, THIS IN PAST(SEARS CASE SOME YEARS AGO) LED TO PROTEST THAT ANY GOG APPROVAL OF OPIC INSURANCE FOR AMERICAN INVESTOR WOULD BE DISCRIMINATORY AGAINST LOCAL INVESTOR. WOULD IT BE POSSIBLE IN CABEI PROGRAM TO EXTEND INSURANCE TO COVER, IN ANY JOINT VENTURE, THE LOCAL INVESTOR AS WELL, SHOULD UNCLASSIFIED

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HE DESIRE INSURANCE AGAINST EXPROPRIATION AND WAR DAMAGE

(PRESUMABLY HE WOULD NOT BE INTERESTED IN INSURANCE AGAINST NON-CONVERTIBILITY OF FUNDS)? IF SUCH COVERAGE COULD BE EXTENDED, ALL PARTIES IN A JOINT VENTURE-LOCAL, OTHER CENTRAL AMERICAN, AND/OR AMERICAN-COULD HAVE ACCESS TO INSURANCE FROM AN OUTSIDE BODY. POSSIBLE CHARGE OF FAVORITISM TO FOREIGN INVESTORS COULD THEN BE AVOIDED.

3. WITH PARTICIPATION IN BOARD OF GOVERNORS OF CABEI INSURANCE ORGANIZATION BY EACH OF THE CA GOVERNMENTS, IT WOULD BE HOPED THAT NO FGA(FORGIEN GOVERNMENT APPROVAL) WOULD BE REQUIRED OF THE HOST GOVERNMENT ON INSURANCE OF INVESTMENT IN A GIVEN COUNTRY. IF AN FGA WERE REQUIRED OF SUCH INVESTMENT IN GUATEMALA, WE SUSPECT THE GOG WOULD BE AS LOATHE TO PROVIDE IT FOR INSURANCE TO A CA INVESTOR (OR ONE OF ITS CITIZENS) UNDER CABEI PROGRAM AS IT IS NOW LOATHE OT PROVIDE IT FOR INVESTMENT BY AMERICANS UNDER THE OPIC AGREEMENT. THE SAME COMPUCTIONS WOULD APPLY- SENSITIVITY IN REGARD TO THE CALVO DOCTRINE RE EXPROPRIATION; A CONVICTION THAT THE INSURANCE IS NOT REALLY NEEDED IN GUATEMALAL TO ENCOURAGE OUTSIDE INVESTMENT HERE(THOUGH GOG MIGHT CONCEDE IT MAY BE NEEDED ELSEWHERE IN CENTRAL AMERICA); AND A RELUCTANCE TO AGREE, IN THE EVENT OF EXPROPRIATION AND PAYMENT OF A CLAIM TO THE INSURED, THAT THE GOG SHOULD THEREUPON CONSIDER A CLAIM FOR COMPENSATION SUBROGATED TO THE INSURER.

4. WE SUSPECT GUATEMALAN SUPPORT IN CABEI FOR BANK INSURANCE PROGRAM WILL NOT BE EASY TO OBTAIN. IF TO BE GAINED, WE BELIEVE GOG WOULD PREFER NOT TO BE CALLED ON TO GIVE FGA'S. INSTEAD GOG APPROVAL OF A PARTICULAR INSURANCE POLICY ON INVESTMENT IN GUATEMALAL COULD BE IMPLICIT IN APPROVAL OF THAT POTICY BY GOG REPRESENTATIVE ON BOARD OF CABEI INSURANCE ORGANIZATION.

5. ASSUME CABEI SCHEME WILL BE COMPLEMENTARY ALSO TO INVESTMENT INSURANCE OFFERED BY CANADIANS, BRITISH, GERMANS, ETC TO THEIR NATIONALS IN LDC'S. MIGHT BE USEFUL TO PROVIDE CABEI WITH A DESRIPTIVE LISTING OF THESE PROGRAMS(WHICH UNDERSTOOD NOT TO REQUIRE FGA'S OF HOST GOVERNMENT IN AREA OF JOINT INVESTMENT). BELIEVE STRUC-
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TURING OF CABEI SCHEME TO COMPLEMENT INVESTMENT INSURANCE PROGRAM OF ALL DC'S WILL RENDER OPIC SUGGESTIONS MORE ACCEPTABLE TO CABEI, ENGAGE BANK'S DEEPER INTEREST, MAKE THE PROPOSAL MORE ACCEPTABLE TO THE CA-GOVERNMENT ELEMENTS IN CABEI, AND CONVERT CABEI PROGRAM INTO TRULY AN INTERNATIONAL ONE.

6. PRESUME CITATION OF CONGEN BELIZE AMONG ADDRESSEES REF-

TEL A IS NOT SUGGEST BELIZE INVESTMENT BE INCLUDED IN
INSURANCE. BELIZE NOT MEMBER OF CABEI OR CACM.
ANDREWS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INSURANCE, FOREIGN INVESTMENTS, PROGRAMS (PROJECTS)
Control Number: n/a
Copy: SINGLE
Draft Date: 02 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976GUATEM00639
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760039-0418
From: GUATEMALA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760292/aaaaddcz.tel
Line Count: 118
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION OPIC
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 21 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 MAY 2004 by BrownAM>; APPROVED <06 DEC 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CENTRAL AMERICAN INVESTMENT INSURANCE PROGRAM A. STATE 018131
TAGS: EINV, GT, OPIC, CABEI
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006